



FISCAL MEMORANDUM

SB 281 - HB 329

March 21, 2023

SUMMARY OF BILL AS AMENDED (005368, 006025, 006332): Requires the state salary schedule for teachers formulated by the Commissioner of the Department of Education (DOE) to establish certain base salary amounts for teachers for the 2023-24 through 2026-27 school years. Establishes that if a local education agency (LEA) deducts dues for employees' participation or membership in a professional employees' organization, then the LEA shall deduct dues from the payroll of the LEA's employees for the employees' membership in each professional employees' organization in which the employee subject to the payroll deduction is a member unless payroll deduction is prohibited under a binding memorandum of understanding.

FISCAL IMPACT OF BILL AS AMENDED:

Increase Local Expenditures - \$106,100/FY25-26*
\$1,614,100/FY26-27*

Other Fiscal Impact – A restriction in the amount of \$125,000,000 in the TISA base funding formula will be required for FY23-24 and subsequent years. Restricting the use of such funds for teachers' salaries may lead to a shift in expenditures for some LEAs or additional permissive local expenditures for LEAs.

Assumptions for the bill as amended:

- The proposed legislation establishes base salary amounts for teachers as follows:
 - \$42,000 for the 2023-24 school year;
 - \$44,500 for the 2024-25 school year;
 - \$47,000 for the 2025-26 school year; and
 - \$50,000 for the 2026-27 school year.
- Public Chapter 966 of 2022 enacted the Tennessee Investment in Student Achievement (TISA) Act which authorized the General Assembly to restrict base funding for salary increases for teachers.
- A restriction in the amount of \$125,000,000 will be required by the General Assembly for FY23-24 and each subsequent year.
- To determine the cost to implement the proposed legislation, an analysis was conducted using reported educator salary information from the 2021-2022 school year and FY23-24 TISA allocation projections (based on February 2023 data) for all districts.

- Based on the amount of funding required to ensure all teacher salaries meet the proposed salary bases, the FY23-24 TISA investment reflected in the fiscal memorandum for Public Chapter 966 of 2022 is sufficient to cover the cost of implementation in FY23-24 and FY24-25.
- It is estimated that in the initial TISA investment would be sufficient to cover the costs for all districts except for five districts in FY25-26 and eight districts in FY26-27.
- It is estimated that the mandatory increase local expenditures will be \$106,142 in FY25-26 and \$1,614,064 in FY26-27.
- Restricting the use of such funds for teachers' salaries may lead to a shift in expenditures for some LEAs or additional permissive local expenditures for LEAs.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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